

**OVERSIGHT BOARD OF THE FORMER
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON**

STAFF REPORT

DATE: MARCH 12, 2014

TO: THE HONORABLE CHAIR AND BOARD MEMBERS

FROM: EXECUTIVE DIRECTOR

SUBJECT: APPROVAL OF THE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET
FOR THE REVISED RECOGNIZED OBLIGATIONS AND PAYMENT
SCHEDULE 14-15A FOR THE PERIOD OF JULY 1, 2014 TO DECEMBER 31,
2014

SUMMARY

Staff respectfully requests the Board to approve the Successor Agency's Administrative Budget for the revised Recognized Obligation Payment Schedule (ROPS) for the six-month fiscal period covering July 1, 2014 through December 31, 2014 and authorize staff to submit the revised ROPS 14-15A to the State Department of Finance (DOF).

BACKGROUND

On February 27, 2014, the Oversight Board, pursuant to a Special Meeting, approved a proposed administrative budget for the Recognized Obligation Payment Schedule (ROPS 14-15A) for the six-month fiscal period covering July 1, 2014 to December 31, 2014 and authorized staff to submit the ROPS 14-15A to the State Department of Finance (DOF). Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Compton Successor Agency submitted the Board-approved Recognized Obligation Payment Schedule (14-15A) for the period covering July I, 2014 through December 2014 (ROPS 14-15A) to the California Department of Finance (Finance).

STATEMENT OF THE ISSUE

On March 3, 2014, the State Department of Finance notified the Successor Agency, per transmittal, that the submitted ROPS 14-15A was in complete because the Cash Balances for the ROPS did not accurately account for the property tax revenues (RPTTF) distributed to the Agency by the County Auditor Controller for the period covering July 2013 through December 2013 (ROPS 13-14A) as well as authorized/estimated expenditures for the period covering January 2014 through June 30, 2014 (ROPS 13-14B).

In order for DOF to accept the Agencies ROPS 14-15A, the Agency must revise and update the Cash Balances form and all other applicable funding sources (Bonds, Reserve Balance, and Other). The revised and updated Cash Balances form must subsequently be resubmitted to the Oversight Board for approval.

Accordingly, the Agency has revised and updated the Cash Balances form including **all** other applicable funding sources (Bonds, Reserve Balance, and Other) for ROPS 14-15A for the Oversight Board's approval. Upon the Oversight Board's approval, Successor Agency staff will electronically submit the Oversight Board action by resolution to the DOF.

FISCAL IMPACT

The preparation and submittal of the Administrative Budget as part of ROPS 14-15A is for the purpose of allowing the Successor Agency to pay its administrative expenditures from the implementation and administration of its enforceable obligations for the period from July 1, 2014 to December 31, 2014.

ENVIRONMENTAL IMPACT

There will be no new environmental impact associated with adoption of the attached Resolution.

RECOMMENDATION

Staff respectfully requests the Board to approve the Successor Agency's Administrative Budget for the revised Recognized Obligation Payment Schedule (ROPS 14-15A) for the six-month fiscal period from July 1, 2014 through December 31, 2014 and authorize staff to submit the ROPS 14-15A to the State Department of Finance (DOF).

Respectfully Submitted,

DR. KOFI SEFA-BOAKYE
REDEVELOPMENT MANAGER

APPROVED FOR FORWARDING:

G. HAROLD DUFFEY
EXECUTIVE DIRECTOR

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY FOR THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON APPROVING THE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FOR THE REVISED RECOGNIZED OBLIGATIONS AND PAYMENT SCHEDULE 14-15A FOR THE SIX-MONTH PERIOD OF JULY 1, 2014 TO DECEMBER 31, 2014

WHEREAS, pursuant to Health and Safety Code Section 34177(l), the Successor Agency to the Community Redevelopment Agency of the City of Compton (the “Successor Agency”) must prepare an Administrative Budget as part of its Recognized Obligation Payment Schedule (“ROPS”) before each six-month fiscal period (commencing each January 1 and July 1) and submit each proposed ROPS to the Oversight Board for the Successor Agency (the “Oversight Board”) for approval; and

WHEREAS, pursuant to Health and Safety Code Section 34177(l)(2)(C) and (m), the Successor Agency must (1) submit the Oversight Board-approved Administrative Budget for the six-month fiscal period from July 1, 2014 through December 31, 2014 (“Admin Budget”), to the DOF, the Office of the State Controller, and the County Auditor-Controller no later than March 1, 2014. The Successor Agency must submit the ROPS 14-15A to the DOF electronically in the manner of DOF’s choosing. A copy of the Oversight Board-approved ROPS must be posted on the Successor Agency’s website (www.comptoncity.org); and

WHEREAS, the DOF may eliminate or modify any items on the ROPS before approving the ROPS. The DOF must make its determination regarding the enforceable obligations and the amount and funding source for each enforceable obligation listed on a ROPS no later than 45 days after the ROPS is submitted. Within five (5) business days of the DOF’s determination, the Successor Agency may request a “meet and confer” with the DOF on disputed items. The meet and confer period may vary, but an untimely submission of ROPS 14-15A may result in a meet and confer period of less than 30 days; and

WHEREAS, the County Auditor-Controller may object to the inclusion of any item on the ROPS that is not demonstrated to be an enforceable obligation and may object to the funding source proposed for any item. The County Auditor-Controller must provide notice of its objections to the DOF, the Successor Agency and the Oversight Board; and

WHEREAS, if the Successor Agency does not submit an Oversight Board-approved ROPS by March 1, 2014, the City of Compton will be subject to a civil penalty of \$10,000 per day for every day that the ROPS is not submitted to the DOF. The penalty is to be paid to the County Auditor-Controller for distribution to the taxing entities. If the Successor Agency does not timely submit a ROPS, creditors of the successor agency, the DOF, and affected taxing entities may request a writ of mandate to require the Successor Agency to immediately perform this duty. Additionally, if the Successor Agency does not submit a ROPS within 10 days of October 1, 2013, the Successor Agency’s administrative cost allowance for that period will be reduced by 25 percent; and

WHEREAS, if the Successor Agency fails to submit an Oversight Board-approved ROPS to the DOF within five (5) business days of “the date upon which the ROPS 14-15A is to be used to determine the amount of property tax allocations”, the DOF may determine whether the County Auditor-Controller should distribute any of property tax revenues to the taxing entities, or whether any amount should be withheld for enforceable obligations pending approval of the ROPS. However, the DOF has not provided clarity as to the date upon which the ROPS is to be used to determine the amount of property tax allocations; and

WHEREAS, pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Compton Successor Agency submitted the Board-approved Recognized Obligation Payment Schedule (ROPS) for the period covering July 1, 2014 through December 2014 (ROPS 14-15A) to the California Department of Finance (Finance) accordingly; and

WHEREAS, On March 3, 2014, the State Department of Finance notified the

Successor Agency, per transmittal, that the submitted ROPS 14-15A was incomplete because the Cash Balances reported for the property tax revenues (RPTTF) component of the ROPS did not accurately account for the property tax revenues (RPTTF) distributed to the Agency by the County Auditor Controller for the period covering July 2013 through December 2013 (ROPS 13-14A) as well as authorized/estimated expenditures for the period covering January 2014 through June 30, 2014 (ROPS 13-14B).

WHEREAS, the Agency has revised and updated the Cash Balances form for the RPTTF including **all** other applicable funding sources (Bonds, Reserve Balance, and Other) for the ROPS for Oversight Board's approval. Upon the Oversight Board's approval, Successor Agency staff will electronically submit the Oversight Board action by resolution to the DOF; and

WHEREAS, the preparation and submittal of the Administrative Budget as part of Revised ROPS 14-15A, is for the purpose of allowing the Successor Agency to pay its administrative expenditures from the implementation and administration of its enforceable obligations for the period from July 1, 2014 to December 31, 2014.

NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE CITY OF COMPTON, HEREBY FINDS, DETERMINES, RESOLVE, AND ORDERS AS FOLLOWS:

Section 1. That the above recitals are hereby true and correct and are a substantive part of this resolution.

Section 2. That this resolution is adopted pursuant to Health and Safety Code Section 34177.

Section 3. The Oversight Board hereby approves the Administrative Budget for Revised ROPS 14-15A, substantially in the form attached hereto as Exhibit A. Staff of the Successor Agency is hereby authorized and directed to submit a copy of Oversight Board-approved Administrative Budget in ROPS 14-15A to the DOF, the Office of the State Controller, and the County Auditor-Controller and to post a copy of the Oversight Board-approved ROPS 14-15A on the Successor Agency's Internet website (www.comptoncity.org).

Section 4. That the officers and staff of the Oversight Board and the Successor Agency staff are hereby authorized and directed, jointly and severally, to do any and all things necessary to effectuate this resolution, including requesting additional review by the DOF and an opportunity to meet and confer on any disputed items, and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

Section 5. That a certified copy of this resolution shall be filed in the offices of the Executive Director of the Successor Agency, City Attorney and Clerk to the Successor Agency Board.

ADOPTED this ____ day of _____, 2014.

**CHAIRPERSON OF THE OVERSIGHT BOARD
TO THE SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF COMPTON**

ATTEST:

**SECRETARY TO THE OVERSIGHT BOARD
TO THE SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT**

AGENCY OF THE CITY OF COMPTON

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON: ss

I, Rhonda Rangel, Secretary to the Oversight Board to the Successor Agency to the Community Redevelopment Agency of the City of Compton, hereby certify that the foregoing resolution was adopted by the Board, signed by the Chairperson, and attested by the Secretary at the regular meeting thereof held on the ____ day of _____, 2014.

That said resolution was adopted by the following vote, to wit:

AYES: BOARD MEMBERS -
NOES: BOARD MEMBERS -
ABSENT: BOARD MEMBERS -

**SECRETARY TO THE OVERSIGHT BOARD
TO THE SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF COMPTON**